

## Gold

### Technical

Gold prices moved higher on Tuesday as yields in the U.S. declined as risk aversion took hold. The drop in yields erode the value of the greenback allowing the yellow metal to gain traction. Prices are poised to test the July highs at 1,370. Support is seen near the 10-day moving average near 1,334. A weaker than expected Personal Income figure gave gold prices a boost. Momentum has turned positive as the MACD (moving average convergence divergence) index generated a buy signal. This occurs as the spread (the 12-day moving average minus the 26-day moving average) crossed below the 9-day moving average of the spread. U.S. personal income rose 0.2% in June, with spending up 0.4%. The income gain was below forecast, while spending was a little hotter than projected. There were no revisions to May's 0.2% gains in income and 0.4% spending increase.

Pivot:	1,364		
Support	1,354	1,346	1,335
Resistance	1,372	1,378	1,385

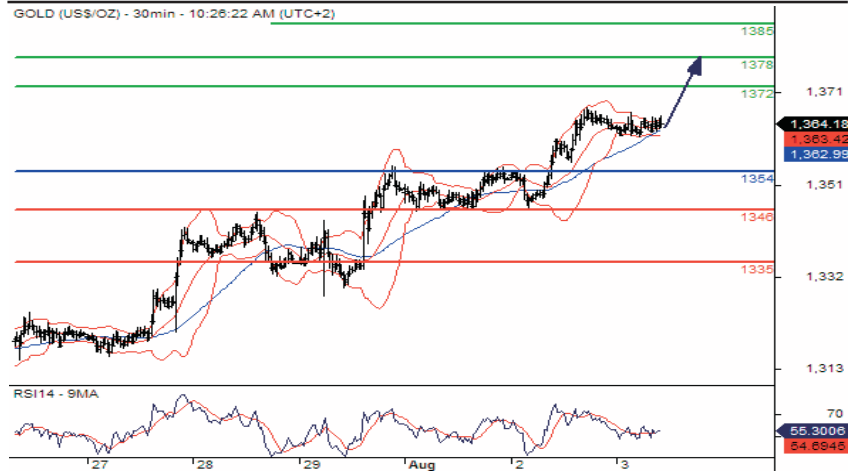
### Highlights

- Gold prices closed at their highest level in nearly a month yesterday
- Federal Reserve may hold off from tightening monetary policy while other central banks continue to ease
- Prices for the metal are up more than 4% from their July lows
- Soft U.S. economic data and a dovish message from the Fed have convinced some investors that the Fed is unlikely to raise rates in September
- Dollar Index was recently down 0.8% to 86.1 in today's session

### Gold - Technical Indicators

RSI 14	48.26
SMA 20	1,324.02
SMA 50	1,339.74
SMA 100	1,302.32
SMA 200	1,210.66

### Gold Daily Graph



Source: Meta Trader

### Fundamentals

- Gold held on to the previous session's gains today as Asian stocks stumbled and weak U.S. economic data undermined expectations of a near-term interest rate hike.
- The metal has had a stellar year so far, surging about 28 percent, as investors sought the safe-haven asset amid mounting economic worries, predominantly in the Western world.
- Spot gold was up slightly at \$1,364.15 an ounce, after hitting a high of \$1,367.33, its loftiest since July 11, in the previous session. U.S. gold dipped about 0.1 percent to \$1,371.50 an ounce.
- Asian shares bowed lower on Wednesday with MSCI's broadest index of Asia-Pacific shares outside Japan falling about 1 percent. The yen lorded over a weakened U.S. dollar as fears that the Bank of Japan may retreat from its massive bond-buying campaign added to a shakeout in debt markets globally.
- A report from the U.S. Commerce Department on Tuesday showed inflation was still muted in the country, which together with the anaemic economic growth pace in the second quarter, could encourage a cautious Federal Reserve to keep interest rates at current levels for a while.
- The metal is highly sensitive to U.S. interest rates, increases in which lift the opportunity cost of holding non-yielding gold while boosting the dollar, in which it is priced. Spot gold may retrace moderately to a support at \$1,358 per ounce before retesting a resistance at \$1,36.
- Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, rose 0.62 percent to 969.97 tonnes. Relatively upbeat economic data failed to deflate the rise in precious metals. U.S. consumers boosted spending in June for a third straight month, however, they did so by saving less, as income growth hasn't kept pace with spending.

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	337251	72353	82%	120854	284003	30%	49448	31277	61%	384,974
5/17/2016	340748	74460	82%	115571	287002	29%	51148	36,819	61%	450555
5/24/2016	291266	84634	77%	116493	311865	27%	53520	32958	62%	499110
5/31/2016	274589	77454	77%	118610	304141	28%	49810	33791	60%	493086
6/07/2016	295688	67069	82%	127081	327075	28%	51562	30399	63%	510579

Source: CFTC

## Crude Oil

### Technical

WTI crude crashed to fresh four-month lows of 39.36, down 1.75%, after rallying to 40.88 highs earlier in the session. Brent crude led the charge earlier in the trading session rallying more than 1%. Selling accelerated on the break below 40.00, and the market now targets the 39.00 level. Weekly API inventory data is due after the close, and is expected to reveal about a 2.0-million-barrel decline in crude stocks. Resistance is seen near the 10-day moving average near 42.48. Momentum remains negative with the MACD (moving average convergence divergence) index printing in the red with a downward sloping trajectory which points to lower prices. The RSI (relative strength index) moved lower with price action, breaking through support which reflects accelerating negative momentum. The current reading of 28, is below the oversold trigger level and could foreshadow a correction.

Pivot:	39.68		
Support	38.90	38.35	37.65
Resistance	40.80	41.90	42.35

### Highlights

- Oil prices gathered steam in early Asia trade today on the prospect of a drawdown in U.S crude stockpiles
- A global supply glut was keeping prices at three-month lows
- Crude for delivery in September traded at \$39.69 a barrel, up \$0.17, or 0.4%
- Week to date, U.S. oil prices have fallen 5.15%, as domestic stocks of gasoline have been usually high for this time of the year
- Investors will eye this week's U.S Department of Energy data slated for release later today

### Crude - Technical Indicators

RSI 14	33.37
SMA 20	45.27
SMA 50	47.43
SMA 100	45.72
SMA 200	40.33

### Crude Oil Daily Graph



### Fundamentals

- Oil prices remained weak today in Asian session, with U.S. crude below \$40 per barrel and Brent under \$42, as fuel oversupply and stuttering economic growth weighed on markets, although prices did receive some support from a weaker dollar.
- U.S West Texas Intermediate crude futures were trading at \$39.54 per barrel, slightly above their last close and well below the \$40 marker they settled below for the first time since April in the previous session.
- Analysts said a weaker U.S dollar, which has shed 2.5 percent in value against a basket of other leading currencies since July highs, was lending oil markets some support by making fuel imports cheaper for countries using other currencies, potentially stoking demand.
- But they added oil prices would be under downward pressure in the near-term due to rising supplies, including from Libya, high crude and refined product inventories, as well as an uncertain demand outlook.
- In the last 72 hours, there have been reports of successful negotiations to re-open blockaded oil terminals in Eastern Libya and U.S. airstrikes against Daesh (ISIS) in Sirte. These increase the chances of a production ramp near-term, from 300,000 barrels per day (bpd) to 600,000 bpd.
- Supply disruptions and risk appetite were supportive April-June, but fundamental headwinds are growing, which outnumber any recent positives. Oil markets have been dogged by oversupply that started in the crude sector more than two years ago and which has since spread to refined products, leaving storage tanks filled to the brink, and unsold fuel stored on ships.
- As the global glut of oil has lingered for two years, many refiners are well stocked, leaving little appetite for fresh barrels. A Citigroup estimate puts global gasoline inventories at around 500 million

### US Commodity Futures Trading Commission (CFTC) Data

Date	Large Speculators			Commercial			Small Speculators			Open Interest
	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	458,206	105,441	81%	560,983	925,531	38%	82,700	70,917	54%	1,598,935
5/17/2016	462,028	106,739	81%	557,217	927,085	38%	85,279	70,700	55%	1,615,844
5/24/2016	454,829	123,816	79%	571,328	916,651	38%	87,594	73,282	54%	1,619,796
5/31/2016	463,186	135,835	77%	560,029	897,400	38%	87,590	77,633	53%	1,623,027
6/07/2016	473,506	133,457	78%	558,910	898,363	38%	79,121	79,717	50%	1,613,293

Source: CFTC

## Silver

### Technical

The silver markets rose slightly during the course of the day as we continue to grind away higher. In fact, we look ready to break out to the top of the recent shooting star from a couple of weeks ago. With this, it's only a matter time before silver breaks out above the \$21 level, and should send silver markets to much higher levels going forward. Pullbacks should continue to find buyers, and therefore I am very bullish when it comes to this particular market. I have no interest in selling, and believe that we will continue to find buyers. September silver futures prices hit a four-week high and closed nearer the session high today. The silver market bulls have the solid overall near-term technical advantage and have upside momentum. Silver bulls' next upside price breakout objective is closing prices above solid technical resistance at the July high of \$21.225 an ounce.

Pivot:	20.62		
Support	20.37	20.10	19.85
Resistance	21.00	21.16	21.30

### Highlights

- Silver dipped lower in Asian trading yesterday, although overall losses were limited
- The Dollar remained on the defensive yesterday and helped push silver prices to two-year highs above \$20.80 per ounce
- There were substantial moves across all asset classes with bond markets an important focus as prices weakened sharply
- Rising yields will pose a threat to precious metals as the cost of carry increases
- US ADP employment and ISM non-manufacturing index will be watched closely today

### Silver - Technical Indicators

RSI 14	54.10
SMA 20	19.99
SMA 50	18.40
SMA 100	17.49
SMA 200	16.05

### Silver Daily Graph



Source: Meta Trader

### Fundamentals

- Silver prices rose in yesterday's trading session and were on track for fresh two-year highs, as precious metals rallied across the board while the US dollar suffered another setback.
- Silver for September delivery climbed 23 cents or 1% to \$20.73 a troy ounce, putting it on pace for a new two-year high. With yesterday's gain, silver futures were on pace for their fifth consecutive daily advance.
- Precious metals received a boost last week after the Federal Reserve held off on raising interest rates. Gains were cemented on Friday following a dismal US GDP report that all but confirmed the Fed will be remaining on the sidelines for the foreseeable future.
- Gold's premium over silver narrowed to a low of 65.58 yesterday. The gold/silver ratio closed at 66.03 in the previous session. This essentially states that one ounce of gold is equivalent to 66.03 ounces of silver in terms of value.
- The US dollar was back on the defensive Tuesday, as the Japanese yen continued to gain momentum. The dollar index, which tracks the performance of the US currency against a basket of six rivals, fell 0.3% to 95.43. The US currency traded at four-month highs last week, which put pressure on precious metals. A weaker dollar is expected to help gold and silver maintain their upward trajectories over the near term.
- Economic data will continue to drive the markets this week. On Friday the Commerce Department will release July nonfarm payrolls data, arguably the most closely followed report of the month. Another spike in monthly jobs data could support the US dollar by raising bets on a 2016 rate hike.
- The Fed Funds futures rates currently imply an only 18% chance of a September rate increase, according to CME. The likelihood of a rate hike improves to around 42% in December.

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	Long	Short	Bullish	Long	Short	Bullish	Long	Short	Bullish	
5/10/2016	42,097	29,999	58%	56,157	75,843	43%	23,121	15,533	60%	132,501
5/17/2016	42,083	27,402	61%	54,280	79,052	41%	24,963	14,872	63%	132,475
5/24/2016	41,285	23,950	63%	53,875	79,404	40%	23,378	15,184	61%	131,294
5/31/2016	41,287	24,798	62%	58,869	83,678	41%	21,523	13,203	62%	136,158
6/07/2016	41,334	26,466	62%	60,600	84,551	42%	21,666	13,583	61%	139,468

Source: CFTC

# Commodity News

Wednesday, August 03, 2016



## Data Calendar

### Economic Data

Date	Time	Event	Importance	Actual	Forecast	Previous
Wed Aug 03	06:45	CNY Caixin China PMI Composite (JUL)	Medium			50.3
Wed Aug 03	07:00	JPY Nikkei Japan PMI Composite (JUL)	Medium			49.0
Wed Aug 03	13:00	EUR Markit Eurozone Composite PMI (JUL)	Low		52.9	52.9
Wed Aug 03	13:30	GBP Markit/CIPS UK Composite PMI (JUL)	Medium		47.7	47.7
Wed Aug 03	14:00	EUR Euro-Zone Retail Sales (YoY) (JUN)	Medium		1.8%	1.6%
Wed Aug 03	16:00	USD MBA Mortgage Applications (JUL 29)	Medium			
Wed Aug 03	17:15	USD ADP Employment Change (JUL)	Medium		170k	172k
Wed Aug 03	19:00	USD ISM Services/Non-Manufacturing Composite (JUL)	High		55.9	56.5
Wed Aug 03	19:30	USD DOE U.S. Crude Oil Inventories (JUL 29)	Medium			

Source: Forex Factory, DailyFX

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